

Message Text

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ACTION EUR-25

INFO OCT-01 AF-10 ARA-16 IO-14 ISO-00 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

CIEP-02 SPC-03 STR-08 TRSE-00 LAB-06 SIL-01 OMB-01

SAM-01 NSC-10 SS-20 L-03 AGR-20 EA-11 NEA-11 DRC-01

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R 141730Z FEB 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6464

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

ADDIS ABABA 146

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DAKAR

AMEMBASSY DAR

AMEMBASSY DUBLIN

AMEMBASSY KINGSTON

AMEMBASSY LAGOS

AMEMBASSY LONDO

AMEMBASSY LUXEMBOURG

AMEMBASSY NAIROBI

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY YAOUNDE

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

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TAGS: XA, EEC, ETRD

SUBJECT: EC NEGOTIATIONS WITH THE ASSOCIATED
AND ASSOCIABLE COUNTRIES (AAC) --
STATUS REPORT

REF: EC BRUSSELS 6892 (1973)

1. SUMMARY. THE FIRST PHASE OF NEGOTIATIONS BETWEEN THE EC AND THE ASSOCIATED AND ASSOCIABLE COUNTRIES (AAC) HAS BEEN COMPLETED. THERE WILL NOW BE A ONE-MONTH HIATUS IN THE NEGOTIATIONS. THE MINISTERS OF THE AAC'S WILL MEET IN ADDIS ABABA ON FEBRUARY 20 TO CONSIDER POSSIBLE MODIFICATION OF THEIR PRESENT NEGOTIATING STANCE. THE EC WILL USE THE TIME TO REFINE ITS OWN NEGOTIATING MANDATE. IN THE NEGOTIATIONS TO DATE, DISCUSSIONS HAVE CONCENTRATED ON TRADE QUESTIONS AND FINANCIAL AND TECHNICAL COOPERATION. THE TRADE RECIPROCITY ISSUE (REVERSE PREFERENCES) HAS NOT BEEN RAISED. THE COMMISSION'S PROPOSALS FOR SPECIAL COMMODITY ARRANGEMENTS HAVE BEEN DISCUSSED VERY BRIEFLY AND IN CURSORY FASHION. THE NEGOTIATIONS WILL RESUME ON MARCH 4.
END SUMMARY.

2. THE FIRST PHASE OF NEGOTIATIONS (NOV. 14 - FEB. 6) BETWEEN THE EC AND AAC'S WAS RESTRICTED TO CERTAIN TRADE AND AID QUESTIONS BECAUSE THE INITIAL EC NEGOTIATING MANDATE WAS NOT COMPLETE IN ALL DETAILS. WORKING GROUPS ON TRADE AND AID HAVE MET ON A WEEKLY BASIS. AMBASSADORIAL LEVEL MEETINGS HAVE BEEN HELD PERIODICALLY TO REVIEW THE PROGRESS OF THE WORKING GROUP DISCUSSIONS.

3. THE WORKING GROUP ON TRADE QUESTIONS CONCENTRATED ON THREE MAIN TOPICS: 1) ACCESS TO EC MARKET; 2) RULES OF ORIGIN; 3) NTB'S. THERE HAS BEEN NO DISCUSSION OF THE TRADE RECIPROCITY ISSUE.

4. ACCESS TO EC MARKET. PROGRESS ON ACCESS HAS BEEN LIMITED. THERE HAS BEEN NO PROBLEM FOR INDUSTRIAL PRODUCTS BUT THE AAC'S HAVE ASKED FOR FREE AND UNLIMITED ENTRY FOR ALL THEIR AGRICULTURAL EXPORTS TO THE EC.
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THE COMMISSION HAS SO FAR AGREED ONLY TO GIVE THE AAC'S MORE FAVORABLE TREATMENT ON SOME PRODUCTS THAN THAT GIVEN OTHER THIRD COUNTRIES. THE EC HAS ASKED THAT THE AAC'S INDICATE WHICH CAP ITEMS ARE CAUSING THEM DIFFICULTIES. (THE COMMUNITY CONTENTS THAT AAC EXPORTS OF CAP ITEMS REPRESENT ONLY 12 PERCENT OF THEIR TOTAL EXPORTS TO THE EC.) THE AAC COUNTRIES HAVE TURNED THE ARGUMENT AROUND AND

DEMANDED THAT THE COMMUNITY TAKE THE INITIATIVE AND INDICATE ON WHICH OF THE CAP PRODUCTS IT IS PREPARED TO MAKE CONCESSIONS. THE COMMISSION IS PRESENTLY PREPARING PROPOSALS FOR THE COUNCIL AIMED AT PRODUCING A DETAILED MANDATE FOR AGRICULTURAL CONCESSIONS. WE ARE TOLD THAT THE COMMISSION WILL PROPOSE FREE ENTRY FOR FRUITS (INCLUDING CITRUS) AND VEGETABLES AND LEVY AND DUTY REDUCTIONS ON OTHER AGRICULTURAL PRODUCTS.

5. RULED OF ORIGIN. THE AAC'S HAVE ASKED: (1) FOR ESTABLISHMENT OF ORIGIN ON THE BASIS OF 25 PERCENT VALUE ADDED; (2) CUMULATIVE ORIGIN AMONG ALL LDC'S, I.E., NOT JUST THE AAC'S THEMSELVES; (3) ESTABLISHMENT OF A LIST OF BASIC IMPORTED INDUSTRIAL MATERIALS WHOSE INCORPORATION IN PRODUCTS PRODUCED IN AN AAC WOULD, IN ESSENCE, NOT BE COUNTED IN VALUED ADDED FOR ORIGIN PURPOSES. THE COMMISSION HAS NOT ACCEPTED THE 25 PERCENT VALUE ADDED PROPOSALS AND WOULD PREFER TO MAINTAIN THE PRESENT ORIGIN RULES BUT ENLARGE THE EXCEPTIONS LIST AS A MEANS OF MEETING AAC OBJECTION. THE COMMISSION SEEMS PREPARED TO ACCEPT SOME FORM OF CUMULATIVE ORIGIN BUT ONLY IF LIMITED TO THE AAC'S. THE COMMISSION HAS NOT COMMITTED ITSELF ON THE AAC'S THIRD PROPOSAL RELATED TO BASIC INDUSTRIAL MATERIALS BUT HAS ASKED FOR A LIST OF THE PRODUCTS THE AAC'S HAVE IN MIND.

6. NTB'S. THE AAC'S HAVE SUBMITTED A PAPER INCLUDING A LIST OF NTB'S THEY HOPE TO SEE REMOVED INCLUDING EXCISE TAXES, HEALTH AND SANITARY REGULATIONS, QUANTITATIVE RESTRICTIONS, ADMINISTRATIVE MEASURES, AND FISCAL CHARGES. THE COMMISSION MAIN-

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TAINS THAT THE EC CAN HARDLY GO BEYOND THE SYSTEM APPLIED BY THE MEMBER STATES AMONG THEMSELVES. THE COMMISSION ALSO HAS NOTED THAT THE COMMUNITY CANNOT NEGOTIATE AWAY RESIDUAL INDIVIDUAL MEMBER STATE NTB'S.

7. FINANCIAL AND TECHNICAL COOPERATION POLICY: THE AAC'S ARE PRESSING FOR (1) MORE PARTICIPATION IN PLANNING AND DISCUSSIONS ON FINANCIAL AND TECHNICAL COOPERATION; AND (2) A COMMITMENT, PRIOR TO THE NEW AGREEMENT, ON LIKELY AID FLOWS ON A COUNTRY-BY-COUNTRY BASIS. THE AAC'S ARE ALSO SEEKING TO RESTRICT SOMEWHAT THE AUTHORITY OF FED CONTROLLEURS DELEGUES IN AAC COUNTRIES.

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R 141730Z FEB 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6465

INFO AMEMBASSY ABIDJAN

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8. SPECIAL COMMODITY AGREEMENTS: THE AAC'S HAVE PREFERRED WAITING FOR FULL COMMUNITY AGREEMENT ON THIS SUBJECT--INVOLVING STABILIZATION OF AAC EXPORT RECEIPTS--RATHER THAN COMMENTING NOW ON THE CURRENT COMMISSION PROPOSALS. THE EC MEMBER STATES ARE STILL DIVIDED ON THE ISSUE ALTHOUGH MOST AGREE THAT SOME CEILING SHOULD BE PUT ON ANY COMMITMENTS MADE TO THE AAC'S. A GERMAN SOURCE HAS TOLD US THAT THE FRG CONSIDERS THAT THE COMMITMENT SHOULD NOT EXCEED 10 PERCENT OF THE OVERALL FINANCIAL AID PACKAGE OFFERED THE AAC'S. OTHER MEMBER STATES HAVE SUGGESTED THAT THE EC COMMITMENT SHOULD BE TIED TO CHANGES IN AAC RESERVES RATHER THAN EXPORT EARNINGS. AN ITALIAN PROPOSAL WOULD LINK THE EC COMMITMENT ON COMMODITY STABILIZATION WITH GUARANTEES RELATED TO RAW MATERIAL ACCESS.

9. FUTURE SCHEDULE: PRIOR TO THE NEXT ROUND OF NEGOTIATIONS SCHEDULED TO BEGIN ON MARCH 4, MINISTERS OF THE AAC'S INCLUDING THE CARIBBEAN AND PACIFIC COUNTRIES WILL NEXT MEET IN ADDIS ABABA FROM FEBRUARY 20-22.

10. COMMUNITY SOURCES HOPE THE AAC MINISTERS WILL GIVE THEIR BRUSSELS NEGOTIATORS GREATER FLEXIBILITY, FOR EXAMPLE, ON RULES OF ORIGIN AND ACCESS FOR AGRICULTURAL PRODUCTS. OUR AAC SOURCES ARE NOT PREPARED TO PREDICT A SHIFT IN THEIR NEGOTIATING POSITION AFTER THE ADDIS MEETING. THE DRAFT REPORT TO BE SUBMITTED TO THE MINISTERS IN THAT MEETING, A COPY OF WHICH THE MISSION HAS OBTAINED ON A CONFIDENTIAL BASIS CONTAINS NO SUCH RECOMMENDATION. A COPY OF THIS DOCUMENT IS BEING POUCHED TO EUR/RPE. DESPITE THE SLOW PACE OF THE NEGOTIATIONS TO DATE, THE AAC COUNTRIES SEEM PLEASED THAT THEY ARE NOW TALKING TO EACH OTHER -- ANGLOPHONES AND FRANCOPHONES -- ON A REGULAR BASIS. THERE IS LESS TALK OF A SPLIT BETWEEN THE TWO LANGUAGE GROUPS, A POINT WHICH THEY BELIEVE STRENGTHENS THEIR HAND IN DEALING WITH THE EC.

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11. DEPARTMENT REPEAT AS APPROPRIATE TO ASSOCIATED AND ASSOCIABLE COUNTRIES NOT LISTED AS ADDRESSEES

ON THIS MESSAGE. MYERSON

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Message Attributes

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Disposition Date: 28 MAY 2004
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